

# Relocation and travel allowance schemes



**Date:** September 2018

## Document summary

Details of relocation and travel allowances that can be used to help recruit employees.

## Enquiries

Recruitment Support Team, 01273 335733 [RecruitmentSupport@eastsussex.gov.uk](mailto:RecruitmentSupport@eastsussex.gov.uk)

## Contents

Key points .....	2
1. When is assistance available? .....	2
Relocation Allowance.....	4
2. What expenses may be claimed under the Relocation Allowance? .....	4
3. Removal costs.....	4
4. Legal and professional fees .....	4
5. Resettlement expenses .....	4
6. Process for authorising and paying the Relocation Allowance .....	5
7. What happens if the relocation goes on for longer than 12 months? .....	5
8. Impact of tax regulations on extensions to the Relocation Allowance .....	5
9. Repayment upon leaving employment.....	6
Travel allowance .....	7
10. What expenses may be claimed under the Travel Allowance?.....	7
11. Process for authorising and paying the Travel Allowance .....	7
12. Repayment upon leaving employment.....	8
13. Appendix 1 – Agreement to Pay Relocation Grant.....	9

## Key points

- Where there is evidence of recruitment difficulties, or if it becomes apparent that the preferred candidate for a post will otherwise be unable to accept the post, managers may offer a relocation allowance or a travel allowance.
- To qualify, the employee must be living more than one hour by public transport or 20 miles from their new work centre.
- Employees can receive a relocation allowance to cover removal expenses, legal fees and resettlement expenses, **or** can instead receive an annual travel allowance to cover the cost of their journey to work. Employees may not receive both allowances.
- The allowances may be offered to staff at all grades, subject to the criteria above being met, and approval from the appropriate senior manager being granted.
- There is an application and claim process that must be followed, including provision of supporting evidence as detailed below.
- Allowances must be repaid if the employee leaves the County Council within a set period.
- School Governing Bodies must formally adopt the policy before implementing the Scheme.

### 1. When is assistance available?

- 1.1. Assistance is available to newly appointed staff, including internally appointed staff, where:
  - a) There is evidence of recruitment difficulties for particular staff groups and objective criteria to demonstrate this are available; or
  - b) Following a job offer, it becomes apparent that the preferred candidate would be unable to accept the post, were relocation assistance not given. In this situation it is recognised that it would be costly to the department/school to lose the preferred candidate or to have to re-advertise, and
  - c) if the employer is a school, the Governing Body has adopted the policy.
- 1.2. There would normally be no reference to relocation assistance in the advertisement or recruitment literature, except in the circumstance outlined in (a) above.
- 1.3. Relocation assistance may comprise either a Relocation Allowance, payable to employees who permanently relocate, **or** a Travel Allowance, payable to employees who remain in their current location but travel to their new role.
- 1.4. The granting of relocation assistance would be subject, in each case, to relevant authorisation by:
  - An Assistant Director, or equivalent, when recruiting to roles below Assistant Director level
  - A Chief Officer, when recruiting to roles at Assistant Director level
  - The Chief Executive when recruiting to roles at Chief Officer level
  - For roles in schools, the Headteacher, or Chair of Governors if recruiting a headteacher.In all cases, approval should be supported by written documentation setting out the reasons for the decision.

- 1.5. To qualify for assistance, the employee must be living more than one hour by public transport or 20 miles from their new work centre.
- 1.6. If claiming the Relocation Allowance, the employee is expected to permanently relocate to live in a new property, which must be within a reasonable travelling distance of their new work centre. Up to £8,000 may normally be granted as a Relocation Allowance. As long as it is only spent on the expenses described in paragraphs 3-5 below, the Relocation Allowance is not subject to income tax or national insurance.
- 1.7. If claiming the Travel Allowance, the employee is not expected to relocate, but must regularly travel to their new work centre. The Travel Allowance is paid as a yearly allowance of £2,666 a year, payable for up to three years, for a total of £7,998. In accordance with tax regulations, the Travel Allowance is subject to income tax and national insurance.
- 1.8. If the employee leaves the Council within a certain period of receiving the allowance, they will be required to repay some or all of the amount claimed. How much is repayable differs between the Relocation Allowance and Travel Allowance – please see below for more information.

## **Relocation Allowance**

### **2. What expenses may be claimed under the Relocation Allowance?**

- 2.1. The relocation allowance can be used to claim expenses associated with permanently relocating to a new residence within reasonable travelling distance of the work location. The different expenses are explained below.
- 2.2. The total amount claimed as a Relocation Allowance can include any combination of the expenses explained below, provided the total value of the allowance does not exceed £8,000.
- 2.3. Expenses can be claimed up to 12 months from the date the employee starts work. Extensions are granted in exceptional circumstances and must be agreed by the relevant senior manager.
- 2.4. Provided the Relocation Allowance does not exceed £8,000, and is only for reimbursement of the 'qualifying' expenses described below, it is not subject to income tax or national insurance. However, in the event of an extension, the tax treatment may change, as described in section 8 below.

### **3. Removal costs**

- 3.1. Employees are entitled to the reimbursement of the full cost of the removal of household effects (including insurance in transit) from their current home to their new home.
- 3.2. If the employee chooses to move themselves and does not use a contractor, they can claim the expenses of van hire from a van hire company, petrol and insurance costs. Labour charges cannot be reimbursed.
- 3.3. In cases where two moves are necessary (i.e. from previous accommodation to temporary accommodation and/or storage and then into permanent accommodation) both removals are paid. Otherwise the cost of one removal is reimbursed from the former home to the new home.
- 3.4. The removal should take place within 12 months from the date of taking up the appointment.

### **4. Legal and professional fees**

- 4.1. When buying or selling a home, associated legal or professional fees may be claimed. For example, this might include conveyancing fees, or estate agents fees. Employees moving to a rented property may claim for a letting fee.

### **5. Resettlement expenses**

- 5.1. Employees can also claim for any additional expenses associated with relocating. For example, lodging expenses when they are maintaining two homes, travel home at weekends, storage charges, preparation fees, interest charges connected with a bridging loan and expenditure on carpets, curtains etc.
- 5.2. This element of the allowance should not allow for any degree of betterment and money received for items sold (on a like for like basis) when the former property is disposed of, should be taken into account.

- 5.3. Where more than one member of the same household is appointed to the County Council (e.g. husband to one department/school and wife to another department/school) a maximum of one grant under each heading is made. Employees have to state on the relocation scheme application form if a member of their household is claiming relocation expenses from the County Council or any other source.

## **6. Process for authorising and paying the Relocation Allowance**

- 6.1. In the first instance, the recruiting manager should seek agreement from the relevant senior manager (as described in para 1.3) , that it is appropriate to offer a relocation allowance. The recruiting manager can then offer the allowance to the employee, before any expense is incurred.
- 6.2. The employee completes a Relocation Allowance Application form. Once approved by the relevant senior manager, this should be sent to Employee Services for processing.
- 6.3. Employee Services will issue the employee with a contract to sign, confirming their consent to repay part, or all of the allowance should they leave the County Council's employment within two years of their appointment. A copy of the pro-forma contract is attached at Appendix 1.
- 6.4. Once the application has been agreed and the contract signed, the employee can claim back expenses incurred, using the Relocation Allowance Claim Form. The employee must attach receipted VAT invoices for detailing the expenditure. Once the claim form is complete and authorised by the employee's line manager, it should be sent to Employee Services.

## **7. What happens if the relocation goes on for longer than 12 months?**

- 7.1. Expenses are payable within a period of 12 months from the date the employee commences employment. Extensions can be granted in exceptional circumstances by the appropriate senior manager. However, depending on the timing of the extension, it may be subject to income tax and national insurance - please see Section 8 below,
- 7.2. As well as being determined by the impact of the tax regulations, agreement to these extensions is also discretionary, and subject to the employee's house having been on the market at a reasonable price for six months.

## **8. Impact of tax regulations on extensions to the Relocation Allowance**

- 8.1. Tax regulations stipulate that relocation expenses and allowances must be paid before the end of the tax year following the year in which the employment change takes place. Therefore, depending on the commencement date of employment, the maximum permitted 6 month extension period under the County Council's Relocation Scheme may be curtailed, if the end of the tax year is earlier than the expiry of the 6 months (see worked examples below).

- 8.2. Example 1: An employee commences employment with the County Council on 1<sup>st</sup> February 2019 and is eligible for relocation expenses. Under the Relocation Scheme these should be claimed in full within 12 months i.e. not later than 31<sup>st</sup> January 2020, but the employee requests an extension period. In this case, the latest date that the relocation expenses may be claimed is 31<sup>st</sup> March 2020, the end of the tax year i.e. a maximum extension period of two months, notwithstanding the fact that the maximum permitted extension period under the Relocation Scheme would have allowed payment up to 31<sup>st</sup> July 2020. Any grant payment made after 31<sup>st</sup> March 2020 would be taxable.
- 8.3. Example 2: an employee commences employment with the County Council on 1<sup>st</sup> May 2019 and is eligible for relocation expenses. Under the Relocation Scheme these should be claimed in full within 12 months i.e. not later than 30<sup>th</sup> April 2020, but the employee requests an extension period. In this case, the latest date that the relocation expenses may be claimed is 31<sup>st</sup> October 2020 i.e. the maximum six month period permitted by the Relocation Scheme.

## 9. Repayment upon leaving employment

- 9.1. If their employment at the County Council is terminated for any reason within 2 years of their start date, the employee will be required to repay any amounts claimed as part of the Relocation Allowance. The Council will deduct the amounts owing from any monies that are due to the employee, such as their final salary payment. If the amount of any monies due is insufficient to clear the debt, the County Council will render an account for the balance.
- 9.2. The schedule of repayments is as follows:

Period of time from appointment date at which the employee leaves the county Council	Percentage repayment of total grant
Within year 1	100%
Within year 2	Reducing by 1/12 <sup>th</sup> for each completed month of service beyond year 1

- 9.3. Senior managers, have the authority to vary these repayment provisions in exceptional cases which may warrant special consideration due to unforeseeable circumstances beyond the control of the employee. Where an Assistant Director has been responsible for agreeing the Relocation Allowance (see Paragraph 1.4 above) he or she must consult with their departmental Chief Officer before agreeing to vary the repayment provisions.
- 9.4. Variation to the repayment provisions will normally comprise an agreed repayment schedule in place of deduction from final salary.
- 9.5. The revised arrangements for repayment must be confirmed in writing to Employee Services by senior manager as appropriate.

## **Travel allowance**

### **10. What expenses may be claimed under the Travel Allowance?**

- 10.1. The Travel Allowance may be paid instead of the Relocation Allowance, where the employee does not permanently relocate and instead commutes to their regular work base. The employee must be living more than one hour away by public transport, or more than 20 miles.
- 10.2. The Travel Allowance is payable as an annual lump sum payment of up to £2666 per year. Employees can apply for a Travel Allowance up to three times, meaning a total of up to £7,998 may be paid over three years.
- 10.3. If the employee works part time, the manager may offer a lower allowance to reflect the reduced travel requirements. However, managers have discretion to offer the full allowance, if this is appropriate to the employee's personal travel requirements.
- 10.4. Employees who receive the Travel Allowance are not eligible to apply for the Relocation Allowance at a later date, while they remain in the same role. For example, if an employee claims the Travel Allowance during their first year in a role, and then chooses to permanently relocate in the following year, they will not be able to claim the Relocation Allowance.
- 10.5. As per HMRC regulations, the Travel Allowance is subject to tax and National Insurance payments.

### **11. Process for authorising and paying the Travel Allowance**

- 11.1. In the first instance, the recruiting manager should seek agreement from the relevant senior manager (as described in para 1.4), that it is appropriate to offer a travel allowance. The recruiting manager can then offer the allowance to the employee, where the employee chooses not to permanently relocate.
- 11.2. The employee then completes a Travel Allowance Application form. As part of the application process, the employee must provide proof of address, so that the authorising manager can verify that their daily commute to work meets the eligibility criteria described above. Once approved by the relevant senior manager, this should be sent to Employee Services for processing.
- 11.3. Employee Services will issue the employee with a contract to sign, confirming their consent to repay the allowance should they leave the County Council's employment within 1 year of the current annual payment being made. A copy of the pro-forma contract is attached at Appendix 1.
- 11.4. Once the application has been agreed and the contract signed, the employee will then be paid the Travel Allowance.

## **12. Repayment upon leaving employment**

- 12.1. If their employment at the County Council is terminated for any reason within 1 year of receiving a Travel Allowance payment, the employee will be required to repay the full value of that payment. The Council will deduct the amounts owing from any monies that are due to the employee, such as their final salary payment. If the amount of any monies due is insufficient to clear the debt, the County Council will render an account for the balance.
- 12.2. Senior managers, have the authority to vary these repayment provisions in exceptional cases which may warrant special consideration due to unforeseeable circumstances beyond the control of the employee. Where an Assistant Director has been responsible for agreeing the Travel Allowance (see Paragraph 1.4 above), they must consult with their departmental Chief Officer before agreeing to vary the repayment provisions.
- 12.3. Variation to the repayment provisions will normally comprise an agreed repayment schedule in place of deduction from final salary.
- 12.4. The revised arrangements for repayment must be confirmed in writing to Employee Services by senior manager as appropriate.



# Appendix 1 – Agreement to Pay Relocation/Travel Allowance

## EAST SUSSEX COUNTY COUNCIL

### AGREEMENT TO REPAY RELOCATION/TRAVEL ALLOWANCE

1. In return for East Sussex County Council (the Council) paying me monies to assist me with my relocation/travel:

a. I will repay to the Council 100% of the relocation assistance which the Council has paid to me if my employment with the Council terminates for any reason *within one year of the start date of my employment/the travel allowance being paid* (**Allowance administrator to delete as appropriate**).

b. *I will repay to the Council 100% of the relocation assistance which the Council has paid to me, less 1/12<sup>th</sup> for each completed month of service after one year, if my employment with the Council terminates for any reason within two years of the start date of my employment.* (**Travel allowance only – Allowance administrator to delete as appropriate**)

2. The Relocation Allowance can include removal costs, legal and professional fees and resettlement allowance. The Travel Allowance represents an annual the Council makes to the cost of your home-work travel.

3. In so far as this agreement conflicts with my contract of employment I agree that the provisions of this agreement will prevail and that my contract of employment will be varied accordingly.

4. In the event of my death, I will not be required to repay any relocation assistance.

Name

Signature

Date